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Analysis of 1979 Bank Marketing Expenditures

1980 Research Report

Research And Planning Department
Marketing Services Division

BANK MARKETING ASSOCIATION
309 WEST WASHINGTON STREET CHICAGO, ILLINOIS 60606 312-782-1442

TO OUR MEMBERS:

BMA is pleased to present this important membership service—the *Analysis of 1979 Bank Marketing Expenditures.* This report has been made possible through substantial support and cooperation of marketing people throughout our industry.

This year we again sampled from the entire U.S. commercial banking industry; the result is an analysis of industry marketing expenditures rather than BMA member banks exclusively.

BMA members are the primary beneficiaries of the survey, and we are grateful for your cooperation and continued support.

Special thanks also to the members of the Research and Planning Council who contributed many improvements to this year's report, and to Betsy N. Herbst, BMA Director of Research and Planning and James C. Montague, Director of Research, Harris Trust and Savings Bank, who directed the survey and wrote this report.

Cordially,

Raymond M. Cheseldine
Executive Vice President

BANK MARKETING ASSOCIATION
309 WEST WASHINGTON STREET, CHICAGO, ILL. 60606

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The opinions expressed in this publication are those of the author and not necessarily those of BMA, its officers or directors.

A six page questionnaire with cover letter was mailed January 15, 1980 to every U.S. commercial bank with deposits over $25 million and on a random selected basis to every nth U.S. commercial bank with deposits under $25 million. The total sample was 8,198. A second mailing was made four weeks later.

On April 16, 1980, the acceptance of incoming questionnaires was halted at 1,130 (14%) that contained at least deposit size and marketing trends information. Of these 1,130 questionnaires, 838 reported both deposit size and complete expenditures data. These 838 questionnaires were distributed as follows:

Deposits $ Million	Number of Banks
Under $5	5
5-10	13
10-25	37
25-50	237
50-100	240
100-250	177
250-500	53
500-$1 Billion	32
$1-$5 Billion	39
Over $5 Billion	5
Total	**838**

The questionnaires were edited, data processed, and analyzed to produce this report. All of the data were analyzed for consistency and then computer processed to insure accuracy. Tables 1-12 and 15 are based on the 838 questionnaires containing expenditures data. Tables 13 and 14 are based on the larger group of 1,130 questionnaires.

New Features and Changes

The 1979 questionnaire differed from previous years in these areas:

1. Expenditures for Certificates of Deposit and Retirement Accounts were reported separately from all savings expenditures.
2. Expenditures for combination accounts and service packages were added.
3. Further detail was asked about expenditures for commercial services and trust services.
4. A category for special publications (school, church, civic, etc.) was added.
5. Categories were added for media relations, special group seminars, and donations.
6. A category for employee incentives was added.
7. Staff Sales Training expenses were categorized to show external and internal expenses.
8. A category was added for Marketing/Product Planning/Development.
9. Respondents were asked to indicate if their 1980 budgeted expenditures were higher, lower, or the same as in 1979.
10. Questions about marketing staff in 1979 and plans for 1980 were asked.

Presentation of Statistics

Percentage figures are rounded to the nearest whole percent. Dollar figures are rounded to the nearest $100.

Wherever the word "average" appears, it means the arithmetic mean. Averages for each category are based *on the number of banks reporting.* Since the number of banks reporting varies from category to category, the sum of the category averages usually will not be the same as the average of total marketing expenditures.

The median is the middle value from a list of rank ordered values. For example, for the five values 4,000, 4,000, 4,200, 5,000 and 20,000, the median is 4,200 and the average or arithmetic mean is 7,440. Because the average is sensitive to extreme values (20,000 in our example) and the median is not sensitive to extreme values, the median often represents a better estimate than the average.

Since many banks do not require their agencies to separate media commissions from the billings of media, the expenditures for a specific medium may or may not include agency commissions.

A WORD ON BUDGETING FOR BANK MARKETING

The purpose of this section of the *Analysis of 1979 Bank Marketing Expenditures* is to briefly describe some commonly used methods of developing a budget, including the pitfalls involved in applying results of such studies. It will also recommend the fundamentals of a reasonable approach to designing a bank marketing budget and comment on zero-base budgeting.

Several methods are used to allocate dollars for marketing purposes: the incremental technique, the competitive parity approach, the percentage of assets or deposits method, the "what's left over after the 'important' items are funded" procedure, and marginal analysis. There are a variety of arbitrary techniques which depend simultaneously upon the generosity of top management and the persuasive powers of marketers. Another method is the task approach.

The **incremental method** simply extrapolates a trend from the present, and sometimes the previous year, and adds a certain percentage, often an amount equal to or in excess of the rate of inflation. The resulting figure automatically becomes next year's allocation. Not uncommonly, this technique is erroneously referred to as the annual "budget plan" when there is, in fact, nothing in it that deserves the appellation "plan." Its principal advantage is simplicity. Its pitfalls are numerous. It does not allow for any changes in goals that the bank may desire, nor is there usually any orderly accounting for external factors such as revisions in the strategies and tactics of competitive institutions, legislative developments, and shifts in trends in the bank's markets. Also, programs that may be obsolete are often continued only because of precedent and many efforts that need restructuring are prepetuated without examination since there are few review pressures under this predictable budgeting arrangement.

The **parity approach** is built upon a philosophy of matching competitors' expenditures—also a simple technique which only requires that one arrive at some approximation of what competitors are spending. Ordinarily, this process concentrates on advertising—the total amount spent in the various media. It also may include salaries of marketing department staffers. The fundamental assumption is that there is an equal and proportional response of the market to all dollars spent by all banks. Even the marketing neophyte knows that this is an illogical assumption; it denies the effects of variations in creativity, different uses of media, and the timing of messages and campaigns. Clearly, magnitude of resources is not as important as the effectiveness of programs.

Another parity procedure is to examine the results of the annual BMA survey and use these figures and percentages as decision parameters. This procedure has at least one additional major flaw; it disregards the axiom that no two markets are identical and that each differs, sometimes significantly, from the "average" market reflected in these figures. Market differences show up in many ways, among them competition, pricing, branching laws, costs of local media, demographics of customers, public attitudes toward using banks, and all the past history that makes up the images of institutions in a particular market.

This report supplies background information on the marketing experience of U.S. banks only. It provides relative magnitudes of total expenditures by bank size and relative emphasis of the distribution of those expenditures among media and service types. The key word is "relative." The information is not absolute; it is qualitative in nature, not quantitative, despite the presentation format that could lead the non-researcher to read greater precision into the data than is really there. This is not a census of expenditures but a sampling of data from responding banks as captured in their records.

Spending a **percentage of assets or deposits** fails in similar ways to other arbitrary methods, but goes even further in reversing cause and effect. It implies that what we have on the balance sheet should dictate spending, rather than that what we spend will help to determine deposit levels and assets. It evades the idea that proportional expenditures ought to be programmed to shift the market response or demand curve to the right, thus reaping a return on the promotional investment.

Spending **what the bank can afford** usually winds up being "what's left over after the 'important' allocations are funded." This short-sighted view discounts marketing's functions and conveys the impression that upper management considers advertising, marketing research, service development, and the like to be afterthoughts, and strictly secondary to other areas in the bank. Further, in advertising, such a practice ignores the buildup effect from continued expenditures. Underspending may actually be a total waste, leading to the possible conclusion that no spending at all would be preferable in terms of results and profitability.

Marginal analysis is based upon the elementary economic maxim that a manager should continue to spend as long as the marginal revenues from such spending either exceed or equal the marginal expenditures. The trick is finding out with any degree of certainty what contributions are made to revenues and profits by marketing expenditures. Operating revenues and profits are a function of several interacting variables that make it difficult to establish a precise correlation. However, the more data a bank has available on previous programs, the closer one can come to making such estimates and using the values of coefficients thus derived to make spending and other marketing

decisions. Developing such models is costly, but often worthwhile.

AN ALTERNATIVE

The **task method,** which is better termed the objectives/results method (because the term "task" connotes an activity rather than a results orientation), can go a long way toward avoiding many of the previously mentioned pitfalls. It makes the budget an integral part of a total plan, focusing on allocating resources to achieve specified targets.

Budgets ideally should be constructed upon a foundation of quantified plans (specific targets derived from general goals) and translated into operating plans (guidelines and blueprints for implementing desired actions). Many marketing directors would relish frequent opportunities to discuss marketing activities, results and problems with top managers, as opposed to periodic involvement in planning and budgeting. Such interaction could also benefit senior officers who are somewhat isolated in small as well as large banks and rely a great deal on second-hand, filtered information. The allocating officer needs control and the marketing director needs flexibility. Both can and should be achieved in budgeting for bank marketing.

Zero-base budgeting (ZBB) was popularized in 1970 in a *Harvard Business Review* article and subsequently was applied to some extent in the State of Georgia during fiscal year 1973. Many organizations have tried the system since then. If applied fully, it requires that every year every appropriation be justified, a time-consuming and expensive process that is likely to be cumbersome and unwieldy if carried to its extreme. With zero-base budgeting, the entire budget is broken down into "decision packages" which are then ranked in order or priority and budget decisions are made for each package according to its justification and relative priority ranking. The time required to make decisions extends as the number of packages expands. The system is predicated upon stating measurable results, which is also the basis of management by objectives.

While an annual review of activities and alternatives is a desirable and necessary part of planning and budgeting, total and finite microscoping of every nook and cranny of marketing programs may be wasteful and unnecessary. It seems easier to apply zero-base budgeting to a department or division than to an entire organization.

Except for the suggestion of a total decision package review for each and every program in the organization, zero-base budgeting may be only an interesting way of looking at the old, tried-and-proved systematic planning procedures that have been around for decades in industry and government. Perhaps *caveat emptor* (let the buyer beware) is an appropriate rule right now because there does not appear to be enough experience thus far to pronounce judgement on this technique. Caution is advised.

BUDGETING THROUGH PLANNING

Nevertheless, irrespective of market location or bank size, improved performance can be achieved through planning. Profitability and liquidity are too important to be left to luck. They are more likely to be expected results, rather than chance occurrences of budgeted balance sheet targets and operating profit goals. Planning provides annual roadmaps and allocates resources to move the bank toward specified destinations. Marketing can participate in this effort through the following actions:

1. Review the overall bank goals and resources—rate of return, liquidity ratio, loan and deposit yields, deposit and borrowing interest rates, commercial versus retail orientation, facilities, people and capital—that circumscribe budget development.
2. Meet with those who have planning responsibilities to discuss the budgeting process, scope and deadlines.
3. Get key people to agree on marketing's role in achieving results. Top-management commitment is essential. Make preliminary forecasts, set objectives, and assign primary and secondary responsibilities to marketing personnel.
4. Adjust the marketing budget to integrate it with other departmental budgets, and get agreement from the controller and other responsible officers.
5. Set up review and control systems (the complements of planning and budgeting). Allow for periodic review of performance versus plan, make necessary revisions and adapt to unforeseen situations, both internally and externally.

Planning is active. It specifies desired results or outputs of the bank's efforts while budgeting provides the inputs to aid in realizing those results. Budgeting by itself is passive; alone, it is not planning. One does not need complex planning models that are costly and time consuming to prepare and monitor, nor are specialists required. Planning, a simple concept, is nothing more than a systematic program for attaining certain objectives within a given time period. The budget should be an effective planning and control device and not a disfunctional millstone around the necks of those who are responsible for its management.

The highlights of each section of this report are presented below. Additional detail and supporting tables may be reviewed by turning to the section corresponding to any highlights of interest.

Expenditures by Service Type

- Median expenditures for banks of all reporting deposit sizes were up—on average—20 percent over 1978 levels.
- Percentage-wise, the most significant increases occurred among smaller banks ($5-25 million) while dollar increases were largest among bigger banks ($500 million or more in deposits).
- As in past studies, retail services continue to represent the largest portion of marketing expenditures for banks of all sizes.
- The majority of marketing funds was spent on savings, with large banks ($500 million or more in deposits) in particular committing sizeable funds to savings products.
- Expenditures for both commercial services and trust services remained at 1978 levels.
- "Institutional" marketing accounted for a larger portion of marketing expenditures than has been found in past surveys.

Expenditures by Expenditure Type

- Advertising continues to command the major portion of most banks' budgets—about $.65-$.70 of every marketing dollar was spent on advertising in 1979. This was slightly lower than the 1978 level.
- Public relations expenditures accounted for a greater portion of bank marketing budgets in 1979. In 1978, public relations represented from 8% to 12% of most banks' budgets. In 1979, the range was from 4% to 23%. Generally, the smaller the bank, the greater the proportion of marketing funds expended for public relations.
- Expenditures for sales promotion likewise increased in 1979 (as a proportion of total marketing expenditures). In 1979, banks reported spending from 10% to 34% of the marketing budget on sales promotion, while in 1978 the range was from 5% to 16%.
- Research continued to represent only 1% to 3% of most banks' budgets.

Expenditures by Market Size and Type

- Average and median total non-salary marketing expenditures data are presented in two cross-tabulations: deposit size by population size and market type by population size, in this section of the report.
- This section may provide an alternative for individuals seeking this type of comparison.

Marketing Trends

- Nearly half of the banks surveyed (47%) plan to install ATMs during 1980.
- The offering of absolutely free checking has declined from 42% in 1978 to 33% in 1979.
- The offering of automatic pay deposit has increased from 65% in 1978 to 72% in 1979.
- Fifty-five percent plan to offer a NOW account in 1980.
- Forty-four percent plan to begin or continue to offer a debit card.
- Fifty-two percent of the banks reported having a 1980 marketing budget higher than their 1979 actual expenditures. The increases reported were an average of 17% above 1979.

Marketing Staff

- Forty-nine percent of all banks surveyed had a full-time Director of Marketing. The percentage increased proportionately from 7% in banks with under $25 million in assets to 100% within banks over $5 billion in assets.
- As would be expected, staffing in functional areas such as research, planning, and public relations varies by size. Details of current staff and future plans can be found in Table 14.

EXPENDITURES BY SERVICE TYPE

Tables 1-4 represent marketing expenditures by service type. Since average and median figures are based on the number of banks reporting an expense in that category, reported totals will not equal column totals. This occurs because most reporting banks did not have expenses in all categories. The reported total more accurately reflects actual expenses experienced by banks in each deposit size category. Table 1 shows the mean or average 1979 non-salary marketing expenditures for reporting banks by service category, and Table 2 shows median expenditures. Table 3 shows the percentage of marketing dollars expended on various service categories, while Table 4 shows the percentage of reporting banks spending marketing dollars for a given service category.

1979 median non-salary bank marketing expenditures ranged from $2,800 for banks under $5 million in deposits to $3,322,400 for banks with deposits of $5 billion or more (see Table 2). As noted in past Expenditure Studies, median figures are generally regarded to be a more reliable reflection of marketing expenditures than are mean or average figures (Table 1). Median figures are less subject to wide variances among responding banks.

A comparison of 1979 bank marketing expenditures (non-salary) with 1978 figures indicates that—on average—1979 expenditures were up approximately 20 percent over the previous year. Percent-wise, the largest increases occurred among banks with deposits of $5-$25 million, while the largest dollar increases were incurred by banks with deposits of $500 million or more.

By service category, while Tables 1-4 show that **retail services** continue to command the "lion's share" of bank marketing budgets, the percent expended on retail services was down slightly from 1978.

- Most retail marketing dollars continued to go to **savings,** as the battle heated up during 1979 for the consumers' saving dollar. In particular, banks with deposits of $500 million or more committed significant funds to savings products.
- With only a few exceptions, all other retail service categories remained at 1978 levels.
- For those interested, the 1979 version of the Expenditure Study reports several categories not previously segregated—various types of savings, ATS, and combination accounts.

Expenditures for both **commercial services** and **trust services** basically remained at 1978 levels.

The most significant increases from 1978-1979 occurred in expenditures for **"institutional" marketing** (e.g. image advertising, corporate public relations, etc.). Apparently, in 1979, banks of all sizes were preparing for the advent of de-regulation (and the attendant lessening of traditional, competitive distinctions), as institutional marketing was one of the few categories to increase its share of marketing expenditures during 1979 (especially among banks with deposits under $25 million).

TABLE 1
AVERAGE MARKETING EXPENDITURES BY SERVICE TYPE AND DEPOSIT SIZE
(All Reporting Banks - 1979, $000)

Service Type	Deposits in $ Millions									
	Under $5	$5-$10*	$10-$25	$25-$50	$50-$100	$100-$250	$250-$500	$500-$1 Billion	$1 Billion-$5 Billion	$5 Billion or More
RETAIL SERVICES										
All Savings (Sub-Total)	$ .7	$20.4	$ 6.2	$11.5	$22.2	$ 42.8	$124.7	$190.3	$ 446.8	$ 894.4
Savings Except CD's & Retirement Accounts	.6	20.9	3.0	6.2	13.5	26.6	85.5	131.9	249.2	275.6
CD's	.2	2.5	3.4	5.5	10.2	18.5	46.9	84.8	251.0	771.0
Retirement Accounts	—	.1	.6	1.5	2.8	4.9	10.6	22.3	49.0	10.0
Checking (not tied to other accounts/services)	.6	1.5	2.5	4.3	7.7	12.1	29.6	26.9	128.8	525.5
Automatic Transfer Service	—	.3	.8	1.9	3.9	7.3	18.1	40.3	70.0	10.0
Combination Accounts (checking-savings)	—	1.8	1.0	4.0	5.3	8.5	27.6	31.6	183.2	265.0
Service Packages (with checking)	—	4.6	2.1	3.5	5.9	12.5	25.9	21.0	114.2	—
Personal Loans (exclude mortgages)	.7	3.1	1.9	4.2	6.4	9.7	39.7	31.3	91.8	259.8
Mortgage Loans	—	.1	.8	1.8	2.6	4.6	13.9	7.3	24.8	39.0
Credit Cards	.2	—	.4	1.0	3.5	7.1	18.9	38.8	63.0	99.5
Consumer EFT Services (ATM's, POS., etc.)	—	.2	1.2	3.7	8.0	17.8	35.8	82.2	139.1	121.3
Other Retail Services	—	.9	1.9	7.2	8.6	11.7	22.8	31.6	82.8	189.0
SUB-TOTAL for Retail Services	**1.2**	**21.2**	**11.8**	**23.6**	**44.4**	**83.6**	**227.4**	**368.8**	**957.9**	**1597.5**
COMMERCIAL SERVICES										
Credit Services	.7	—	1.1	3.2	5.8	14.4	11.6	34.0	39.4	1580.5
Non-Credit Services (Sub-Total)	1.0	2.5	1.1	3.4	5.3	8.7	13.6	17.2	34.5	136.0
Automated Services (payrolls, reconciliation, etc.)	—	—	.9	1.3	2.5	3.3	4.5	3.5	13.5	123.9
Cash Management Services	—	—	.2	1.1	2.4	4.1	2.9	14.1	13.7	34.1
Deposit Services (checking, savings)	1.0	2.5	1.0	2.9	4.2	7.3	20.5	5.3	14.3	—
Other Non-Credit Services	—	—	—	.9	1.6	1.5	4.3	32.9	22.9	102.8
Other Commercial Services	—	—	7.4	2.4	6.7	4.2	7.7	28.3	59.1	148.0
SUB-TOTAL for Commercial Services	**.9**	**2.5**	**2.3**	**5.1**	**8.5**	**15.5**	**17.6**	**46.9**	**97.5**	**1430.0**
TRUST SERVICES										
Personal Trust Services	—	18.7	.4	2.0	3.1	5.6	6.7	12.8	39.9	72.9
Commercial Trust Services	—	—	—	.8	2.0	3.7	3.9	8.1	41.6	129.6
Other Trust Services	—	—	—	.7	1.3	3.0	4.6	38.7	12.6	—
SUB-TOTAL for Trust Services	**—**	**18.7**	**.4**	**2.3**	**3.7**	**7.3**	**8.3**	**18.4**	**80.9**	**176.6**
INSTITUTIONAL MARKETING										
Corporate Advertising (image, positioning, etc.)	2.7	8.0	4.1	8.9	11.8	29.8	64.8	125.7	373.1	1993.9
Corporate Public Relations	1.2	5.8	3.0	7.1	9.4	19.3	35.8	62.9	178.9	277.8
Other Institutional Marketing	—	3.9	3.4	5.5	8.9	20.0	28.1	59.8	262.4	800.0
SUB-TOTAL for Institutional Marketing	**3.1**	**12.9**	**6.9**	**13.8**	**19.6**	**48.3**	**93.4**	**193.6**	**519.5**	**2376.2**
OTHER MARKETING EXPENDITURES	2.1	6.6	6.1	11.8	16.9	31.2	56.6	93.3	385.3	1458.2
TOTAL MARKETING EXPENDITURES	**4.1**	**27.8**	**18.5**	**39.1**	**71.3**	**148.1**	**344.4**	**609.2**	**1621.9**	**6454.5**

*Reads as follows: "$5 million but less than $10 million"

NOTE: Each dollar figure for a specific service or expenditure type is based on the number of banks reporting. The sub-total and total figures (in bold type) include all banks. Therefore, since most banks responding to the survey did not have expenses in all categories, the addition of the expenditures in each category will be greater than the sub-totals and totals reported.

TABLE 2
MEDIAN MARKETING EXPENDITURES BY SERVICE TYPE AND DEPOSIT SIZE
(All Reporting Banks - 1979, $000)

Service Type	Deposits in $ Millions									
	Under $5	$5-$10	$10-$25	$25-$50	$50-$100	$100-$250	$250-$500	$500-$1 Billion	$1 Billion-$5 Billion	$5 Billion or More
RETAIL SERVICES										
All Savings (Sub-Total)	$ .7	$ 2.6	$ 4.4	$ 8.4	$18.0	$ 34.2	$104.1	$136.4	$ 426.5	$ 965.0
Savings Except CD's & Retirement Accounts	.6	1.0	2.4	4.7	8.9	17.2	71.2	55.2	170.0	50.0
CD's	.2	2.6	2.0	4.0	7.6	12.4	26.0	71.2	120.0	710.0
Retirement Accounts	—	.2	.5	1.0	1.9	2.8	5.0	10.0	20.2	10.0
Checking (not tied to other accounts/services)	.4	.4	2.0	3.0	5.0	9.1	20.0	12.5	37.2	525.5
Automatic Transfer Service	—	.3	.8	1.0	2.0	3.0	5.0	20.0	26.0	10.0
Combination Accounts (checking-savings)	—	.4	1.0	2.0	2.0	5.0	12.0	5.0	77.5	265.0
Service Packages (with checking)	—	3.3	1.7	2.2	3.9	5.0	23.1	19.0	25.0	—
Personal Loans (exclude mortgages)	.7	3.3	1.0	2.0	4.8	5.7	20.0	20.0	58.8	299.0
Mortgage Loans	—	.1	.5	1.0	1.3	2.0	2.0	3.0	15.0	39.0
Credit Cards	.2	—	.5	.5	2.0	3.2	14.0	13.9	26.0	38.5
Consumer EFT Services (ATM's, POS., etc.)	—	.2	1.0	2.0	4.9	10.0	23.4	60.5	57.8	45.0
Other Retail Services	—	1.0	1.5	2.0	4.6	8.0	11.6	12.3	61.0	189.0
SUB-TOTAL for Retail Services	**1.0**	**5.4**	**9.6**	**19.2**	**40.5**	**73.0**	**204.0**	**316.7**	**912.5**	**1165.0**
COMMERCIAL SERVICES										
Credit Services	.7	—	1.0	2.0	3.0	6.0	10.0	21.9	17.5	290.0
Non-Credit Services (Sub-Total)	1.1	2.5	1.0	2.0	3.0	5.5	6.9	6.3	24.1	75.8
Automated Services (payrolls, reconciliation, etc.)	—	—	1.0	.6	1.5	2.2	5.0	2.1	5.5	100.0
Cash Management Services	—	—	.3	.6	1.0	3.0	2.5	8.8	12.4	30.2
Deposit Services (checking, savings)	1.1	2.5	1.0	2.0	2.0	5.0	7.5	5.0	10.0	—
Other Non-Credit Services	—	—	—	.7	1.0	.9	6.0	8.1	16.5	102.9
Other Commercial Services	—	—	7.5	1.2	2.0	2.2	3.0	9.6	30.7	148.0
SUB-TOTAL for Commercial Services	**.9**	**2.5**	**1.2**	**3.1**	**4.0**	**8.6**	**11.0**	**20.8**	**67.0**	**500.0**
TRUST SERVICES										
Personal Trust Services	—	18.7	.5	1.0	2.1	3.5	5.0	14.0	27.4	54.0
Commercial Trust Services	—	—	—	.5	1.5	2.0	3.1	5.0	30.0	105.0
Other Trust Services	—	—	—	.5	1.7	2.7	5.0	11.1	11.2	—
SUB-TOTAL for Trust Services	**—**	**18.7**	**.5**	**1.5**	**3.0**	**4.5**	**7.4**	**13.6**	**58.0**	**120.0**
INSTITUTIONAL MARKETING										
Corporate Advertising (image, positioning, etc.)	2.8	11.1	3.2	5.0	9.5	20.0	30.0	76.8	201.1	787.0
Corporate Public Relations	.9	4.7	2.0	4.2	6.1	13.7	25.8	38.0	128.3	265.0
Other Institutional Marketing	—	4.0	4.3	3.2	7.8	11.9	15.6	38.6	49.3	800.0
SUB-TOTAL for Institutional Marketing	**.9**	**14.9**	**5.6**	**8.5**	**16.0**	**39.6**	**56.3**	**145.3**	**317.0**	**1300.0**
OTHER MARKETING EXPENDITURES	2.1	6.6	3.4	6.0	7.3	21.6	24.2	100.0	181.9	699.0
TOTAL MARKETING EXPENDITURES	**2.8**	**6.3**	**19.3**	**35.7**	**66.9**	**132.3**	**304.5**	**577.4**	**1355.5**	**3322.4**

TABLE 3
—PERCENTAGE OF REPORTING BANK MARKETING BUDGET SPENT ON EACH SERVICE— IN 1979 BY DEPOSIT SIZE

Service Type	Deposits in $ Millions									
	Under $5	$5-$10	$10-$25	$25-$50	$50-$100	$100-$250	$250-$500	$500-$1 Billion	$1 Billion-$5 Billion	$5 Billion or More
RETAIL SERVICES										
All Savings (Sub-Total)	14%	56%	30%	27%	30%	28%	34%	31%	25%	14%
Savings Except CD's & Retirement Accounts	12	52	14	14	17	16	22	19	12	4
CD's	2	4	15	11	11	10	11	10	12	10
Retirement Accounts	—	—	1	2	2	2	1	2	2	—
Checking (not tied to other accounts/services)	9	3	12	8	8	5	5	3	5	3
Automatic Transfer Service	—	—	1	1	2	2	2	3	2	—
Combination Accounts (checking-savings)	—	2	1	3	2	2	2	1	5	1
Service Packages (with checking)	—	5	4	3	3	3	2	1	2	—
Personal Loans (exclude mortgages)	7	3	7	7	6	4	8	4	4	4
Mortgage Loans	—	—	2	1	1	1	1	—	1	—
Credit Cards	1	—	—	1	1	2	3	4	3	1
Consumer EFT Services (ATM's, POS., etc.)	—	—	1	2	5	6	5	10	5	1
Other Retail Services	—	1	2	4	3	2	3	3	2	1
SUB-TOTAL for Retail Services	**31**	**70**	**60**	**58**	**61**	**55**	**64**	**61**	**55**	**25**
COMMERCIAL SERVICES										
Credit Services	3	—	2	2	3	3	1	2	1	20
Non-Credit Services (Sub-Total)	10	1	2	3	3	2	1	2	1	2
Automated Services (payrolls, reconciliation, etc.)	—	—	1	—	1	—	—	—	—	1
Cash Management Services	—	—	—	—	—	—	—	—	—	—
Deposit Services (checking, savings)	10	1	2	2	2	2	1	—	—	—
Other Non-Credit Services	—	—	—	—	—	—	—	1	—	1
Other Commercial Services	—	—	2	—	1	—	—	1	2	—
SUB-TOTAL for Commercial Services	**14**	**1**	**7**	**6**	**7**	**6**	**3**	**5**	**4**	**22**
TRUST SERVICES										
Personal Trust Services	—	5	—	1	2	2	1	1	2	1
Commercial Trust Services	—	—	—	—	—	1	—	—	1	2
Other Trust Services	—	—	—	—	—	—	—	1	—	—
SUB-TOTAL for Trust Services	**—**	**5**	**—**	**2**	**2**	**3**	**2**	**2**	**3**	**3**
INSTITUTIONAL MARKETING										
Corporate Advertising (image, positioning, etc.)	27	11	15	15	13	17	15	15	15	31
Corporate Public Relations	19	8	9	9	8	9	7	7	7	3
Other Institutional Marketing	—	2	3	2	3	3	3	5	5	2
SUB-TOTAL for Institutional Marketing	**45**	**21**	**27**	**26**	**23**	**29**	**25**	**28**	**27**	**37**
OTHER MARKETING EXPENDITURES	10	2	6	9	7	7	7	4	12	14
TOTAL MARKETING EXPENDITURES	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

TABLE 4
PERCENTAGE OF REPORTING BANKS SPENDING MARKETING FUNDS ON EACH SERVICE IN 1979 BY DEPOSIT SIZE

Service Type	Deposits in $ Millions									
	Under $5	$5-$10	$10-$25	$25-$50	$50-$100	$100-$250	$250-$500	$500-$1 Billion	$1 Billion-$5 Billion	$5 Billion or More
RETAIL SERVICES										
All Savings (Sub-Total)	80%	77%	92%	93%	96%	95%	94%	100%	92%	100%
Savings Except CD's & Retirement Accounts	80	69	89	87	90	90	89	88	79	100
CD's	40	46	81	78	74	76	79	72	74	80
Retirement Accounts	—	31	41	60	54	55	43	63	56	20
Checking (not tied to other accounts/services)	60	54	89	73	73	63	53	59	62	40
Automatic Transfer Service	—	15	22	29	37	42	34	44	51	20
Combination Accounts (checking-savings)	—	23	14	29	32	31	30	28	41	20
Service Packages (with checking)	—	31	38	31	35	36	23	19	33	—
Personal Loans (exclude mortgages)	40	31	68	62	63	62	70	72	72	100
Mortgage Loans	—	8	38	29	30	34	25	34	33	20
Credit Cards	20	—	16	22	30	42	47	66	69	60
Consumer EFT Services (ATM's, POS., etc.)	—[1]	8	16	24	40	47	43	75	64	60
Other Retail Services	—	15	22	21	24	27	42	63	44	20
TOTAL for Retail Services	**100**	**92**	**97**	**95**	**98**	**97**	**96**	**100**	**92**	**100**
COMMERCIAL SERVICES										
Credit Services	20	—	38	30	37	36	32	38	46	80
Non-Credit Services (Sub-Total)	40	15	41	32	43	42	30	53	56	100
Automated Services (payrolls, reconciliation, etc.)	—	—	11	12	17	22	13	25	33	60
Cash Management Services	—	—	5	8	10	8	6	19	41	60
Deposit Services (checking, savings)	40	15	35	28	37	34	15	28	28	—
Other Non-Credit Services	—	—	—	4	5	3	6	13	23	40
Other Commercial Services	—	—	5	7	9	12	19	31	46	20
TOTAL for Commercial Services	**60**	**15**	**57**	**44**	**59**	**60**	**53**	**66**	**67**	**100**
TRUST SERVICES										
Personal Trust Services	—	8	5	26	40	56	66	66	62	100
Commercial Trust Services	—	—	—	8	13	27	23	22	44	80
Other Trust Services	—	—	—	3	4	10	13	9	21	—
TOTAL for Trust Services	**—**	**8**	**5**	**26**	**42**	**62**	**72**	**75**	**74**	**100**
INSTITUTIONAL MARKETING										
Corporate Advertising (image, positioning, etc.)	40	38	68	68	75	83	81	75	67	100
Corporate Public Relations	60	38	57	48	57	68	64	72	62	80
Other Institutional Marketing	—	15	16	17	22	24	32	50	31	20
SUB-TOTAL for Institutional Marketing	**60**	**46**	**73**	**75**	**83**	**89**	**91**	**88**	**85**	**100**
OTHER MARKETING EXPENDITURES	20	8	19	28	30	34	45	28	49	60
TOTAL MARKETING EXPENDITURES	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

EXPENDITURES BY EXPENDITURE TYPE

Tables 5-8 represent marketing expenditures by type of expenditure. Since average and median figures are based on the number of banks reporting an expense in that category, reported totals will not equal column totals. This occurs because most reporting banks did not have expenses in all categories. The reported total more accurately reflect actual expenses experienced by banks in each deposit size category. Table 5 shows the mean or average 1979 non-salary marketing expenditures for reporting banks by type of expenditure, and Table 6 shows median expenditures. Table 7 shows the percentage of marketing funds spent on the various expenditure types, while Table 8 shows the percentage of reporting banks spending marketing dollars for a given expenditure type.

As in past studies, the 1979 Analysis of Bank Marketing Expenditures indicates that the bulk of marketing dollars are spent on **advertising.** Table 6 shows that median advertising expenditures for reporting banks in 1979 ranged from $1,400 for banks under $5 million in deposits to just under $3 million dollars for banks with deposits of $5 billion or more. As a percentage of total marketing expenditures, Table 7 shows that advertising accounts for about $.65-$.70 of every marketing dollar—this is down from the 1978 level.

- Newspaper, radio, and TV continue to account for the largest "share" of bank marketing expenditures. Generally, larger banks place more dollars in television, while smaller banks put more into radio.
- Probably as a result of more sophisticated segmentation efforts, very large banks (banks with deposits of $5 billion or more) spent more in magazines as compared to other size banks. Magazine expenditures accounted for more than 20 percent of marketing budgets for banks in the largest category, as compared to less than 2 percent for most other bank size categories.
- The category "special publications" was added to this year's survey, and Table 8 shows that a majority of banks—regardless of size—spent marketing funds in this category.

1979 **public relations** expenditures and **sales promotion** expenditures appeared to be up from 1978 levels.

- New categories for "public relations" included media relations, special group seminars, and donations. Although most banks spent money in these categories, the amounts were not significant in comparison to other expenditure categories.
- Employee incentives was a new category under "sales promotion," and was generally only a factor in the expenditure patterns of banks with $500 million or more in deposits.

Staff sales/customer relations training and **marketing research** each continue to account for 1%-2% of total marketing expenditures, although research did account for a slightly higher proportion among larger banks ($500 million or more in deposits).

TABLE 5
AVERAGE MARKETING EXPENDITURES BY EXPENDITURE TYPE AND DEPOSIT SIZE
(All Reporting Banks - 1979, $000)

Expenditure Type	Deposits in $ Millions									
	Under $5	$5-$10	$10-$25	$25-$50	$50-$100	$100-$250	$250-$500	$500-$1 Billion	$1 Billion-$5 Billion	$5 Billion or More
ADVERTISING										
Magazines (consumer, trade, etc.)	$ .1	$ .9	$ .4	$ .9	$ 1.5	$ 3.8	$ 7.1	$ 17.1	$ 79.6	$1348.3
Directories (telephone, bank, city, etc.)	.5	.6	.6	1.1	1.7	3.0	7.2	15.9	21.0	43.7
Newspapers	.7	11.6	4.0	7.7	13.7	24.9	66.6	112.2	243.3	787.3
Special Publications (school, church, etc.)	.3	2.2	.8	1.2	1.9	3.1	7.9	10.1	12.3	19.0
Television	—	1.0	.3	4.8	12.3	28.7	71.7	117.8	443.8	776.1
Radio	.2	6.6	4.5	6.9	11.9	21.0	41.1	69.6	154.3	260.2
Direct Mail (literature, lists, postage, statement stuffers, etc.)	.4	4.2	1.1	2.3	3.0	5.3	16.0	37.5	78.8	363.5
Outdoor and Transit (billboards, taxi/bus/train cards, etc.)	—	3.5	1.8	3.4	5.9	10.3	16.4	41.0	66.1	52.0
Production Expenses (artwork, talent, etc.)	—	3.9	1.1	3.0	5.7	15.1	37.5	62.7	200.1	849.0
Fees & Commissions (agency, consultants, etc.)	.2	1.3	2.5	4.6	6.6	10.8	21.7	33.7	95.6	760.3
Other Advertising	.3	.6	2.4	4.6	6.4	7.1	14.7	65.9	69.3	478.3
SUB-TOTAL for Advertising	**1.8**	**24.4**	**12.8**	**26.0**	**49.2**	**105.7**	**259.5**	**472.3**	**1289.6**	**3276.7**
PUBLIC RELATIONS										
Stockholder/Investment Community PR (annual report, meetings, etc.)	1.2	2.9	.7	2.3	3.1	6.3	12.4	29.7	77.7	154.8
Media Relations (press releases, conferences, etc.)	—	—	.4	.9	.5	.9	2.2	3.3	12.1	29.0
Publications (customer, economic, community, etc.)	.2	.3	.4	1.3	1.5	3.1	5.2	18.4	38.9	316.6
Special Events (anniversaries, open house, etc.)	.5	7.8	1.8	2.3	3.9	5.8	13.1	17.2	38.2	45.0
Special Group Seminars (seniors, etc.)	—	8.4	.6	1.1	1.9	2.6	4.9	4.2	14.6	4.3
Public Relations Consultant's Fees	—	—	3.3	3.4	5.1	6.8	7.8	24.2	18.1	18.2
Donations	.3	2.6	1.9	4.4	6.8	11.2	21.3	37.2	105.5	—
Other Public Relations	.2	1.7	1.0	4.2	6.0	8.4	10.7	20.5	40.0	—
SUB-TOTAL for Public Relations	**1.2**	**9.3**	**3.7**	**9.2**	**13.7**	**24.6**	**43.4**	**90.2**	**215.2**	**319.8**
SALES PROMOTION										
Net Premium Expense (cost less revenues)	—	24.0	2.4	3.0	7.1	11.7	24.3	33.7	63.5	383.0
Newcomer Services	1.2	.3	.8	.7	1.0	2.0	3.0	6.7	32.4	10.0
Specialties/Giveaways (pens, calendars, etc.)	1.4	2.6	2.8	4.1	5.4	7.9	12.8	10.9	44.6	65.4
Point-of-Sale Materials (displays, brochures, etc.)	—	2.4	.5	.8	2.1	3.8	9.8	18.2	76.0	500.4
Employee Incentives	—	.9	1.1	1.1	2.1	4.2	10.5	34.9	92.6	18.3
Other Sales Promotion	.2	—	.8	1.4	2.9	4.2	10.5	7.2	88.7	—
SUB-TOTAL for Sales Promotion	**1.8**	**10.6**	**4.0**	**6.3**	**11.5**	**18.7**	**39.3**	**63.5**	**243.0**	**695.5**
STAFF SALES TRAINING										
External Expenses (consultant fees, materials, etc.)	—	.3	—	2.1	2.0	2.2	2.7	15.2	24.0	35.0
Non-Salary Internal Expenses (program development costs, printing, etc.)	—	.3	.8	.6	.7	2.1	2.5	5.9	17.0	40.0
Other Staff Sales Training	—	.4	.3	1.4	2.2	2.7	2.9	11.3	17.2	65.0
SUB-TOTAL for Staff Sales Training	**—**	**.4**	**.7**	**1.7**	**2.0**	**3.3**	**3.2**	**17.9**	**33.6**	**140.0**
MARKETING RESEARCH										
External Expenses (supplier fees, etc.)	—	2.1	1.0	2.2	2.6	3.6	8.3	17.3	59.4	196.5
Non-Salary Internal Expenses	—	—	.2	.5	.5	1.5	1.4	5.3	27.4	176.5
Other Marketing Research	—	—	.9	.8	1.8	1.6	5.1	2.3	9.2	—
SUB-TOTAL for Marketing Research	**—**	**2.1**	**1.0**	**1.7**	**2.3**	**3.4**	**9.0**	**19.6**	**73.6**	**284.8**
MARKETING/PRODUCT PLANNING/DEVELOPMENT										
External Expenses (consultant fees, etc.)	—	—	.5	1.7	1.7	2.3	4.2	14.0	25.8	—
Non-Salary Internal Expenses	—	—	1.5	.5	.7	1.5	3.2	8.0	16.4	—
Other Marketing/Product Planning/Development	—	—	.1	1.2	2.9	3.3	19.4	3.1	66.8	—
SUB-TOTAL for Marketing/Product Planning/Development	**—**	**—**	**1.0**	**1.4**	**1.8**	**2.5**	**8.1**	**12.3**	**46.1**	**—**
OTHER MARKETING EXPENDITURES	—	1.0	.8	11.8	5.2	8.6	22.8	25.8	94.1	353.6
TOTAL MARKETING EXPENDITURES	**4.2**	**42.5**	**20.0**	**42.9**	**76.3**	**153.2**	**354.7**	**651.7**	**1797.1**	**6454.4**

TABLE 6
MEDIAN MARKETING EXPENDITURES BY EXPENDITURE TYPE AND DEPOSIT SIZE
(All Reporting Banks - 1979, $000)

Expenditure Type	Deposits in $ Millions									
	Under $5	$5-$10	$10-$25	$25-$50	$50-$100	$100-$250	$250-$500	$500-$1 Billion	$1 Billion-$5 Billion	$5 Billion or More
ADVERTISING										
Magazines (consumer, trade, etc.)	$ .1	$ .7	$ .3	$ .5	$ .9	$ 2.0	$ 3.5	$ 14.1	$ 51.2	$ 700.0
Directories (telephone, bank, city, etc.)	.4	.5	.4	.8	1.4	2.3	4.9	11.0	20.0	42.5
Newspapers	.4	3.9	3.6	7.0	12.0	20.1	55.0	100.5	190.0	632.6
Special Publications (school, church, etc.)	.2	.4	.6	.9	1.5	2.4	6.0	8.6	7.1	19.0
Television	—	1.1	.2	2.8	7.5	20.1	64.8	119.6	358.3	500.0
Radio	.2	3.4	3.0	6.0	9.9	17.1	40.2	60.6	154.0	208.9
Direct Mail (literature, lists, postage, statement stuffers, etc.)	.4	1.5	.4	1.0	2.0	3.5	8.0	34.1	45.0	103.0
Outdoor and Transit (billboards, taxi/bus/train cards, etc.)	—	1.4	1.3	2.2	4.9	7.2	13.6	37.4	30.0	54.2
Production Expenses (artwork, talent, etc.)	—	4.5	.4	1.5	4.0	11.0	36.5	51.0	181.7	587.0
Fees & Commissions (agency, consultants, etc.)	.2	1.5	2.0	3.2	4.7	8.5	20.6	27.3	72.0	760.3
Other Advertising	.3	.5	2.1	3.0	4.3	4.8	11.0	33.2	42.0	382.5
SUB-TOTAL for Advertising	**1.4**	**8.3**	**11.4**	**21.7**	**46.3**	**95.0**	**240.6**	**482.1**	**1055.3**	**2804.3**
PUBLIC RELATIONS										
Stockholder/Investment Community PR (annual report, meetings, etc.)	1.2	.8	.4	1.0	1.8	5.0	9.4	25.0	63.0	130.0
Media Relations (press releases, conferences, etc.)	—	—	.3	.5	.4	.5	1.0	1.0	9.4	23.0
Publications (customer, economic, community, etc.)	.2	.4	.5	1.0	1.0	2.5	4.5	10.9	21.8	316.7
Special Events (anniversaries, open house, etc.)	.5	3.2	1.0	1.4	2.1	3.0	9.2	12.0	20.8	45.0
Special Group Seminars (seniors, etc.)	—	8.4	.7	.8	1.2	2.0	3.0	2.5	8.3	5.0
Public Relations Consultant's Fees	—	—	3.4	2.0	2.0	4.0	7.2	24.0	18.0	18.3
Donations	.4	1.5	1.2	2.6	5.0	7.2	9.3	30.1	44.9	—
Other Public Relations	.2	1.6	.6	3.1	3.7	4.5	5.9	13.4	23.7	—
SUB-TOTAL for Public Relations	**1.1**	**4.0**	**2.8**	**6.2**	**10.9**	**19.8**	**32.9**	**78.0**	**163.5**	**238.7**
SALES PROMOTION										
Net Premium Expense (cost less revenues)	—	1.0	1.6	2.5	5.0	8.1	19.9	19.5	27.4	364.2
Newcomer Services	1.2	.3	.2	.4	.6	1.2	1.8	4.0	20.7	10.0
Specialties/Giveaways (pens, calendars, etc.)	1.3	.6	2.0	3.5	4.4	5.9	8.7	7.2	15.9	63.4
Point-of-Sale Materials (displays, brochures, etc.)	—	2.4	.2	.5	1.1	2.3	5.5	15.0	54.3	107.5
Employee Incentives	—	1.2	.6	.5	1.0	2.0	3.8	24.0	25.6	10.0
Other Sales Promotion	.2	—	.8	1.0	1.4	3.5	2.5	5.0	23.7	—
SUB-TOTAL for Sales Promotion	**1.3**	**.9**	**2.2**	**5.5**	**10.3**	**15.3**	**29.8**	**62.5**	**182.5**	**340.0**
STAFF SALES TRAINING										
External Expenses (consultant fees, materials, etc.)	—	.3	—	.9	1.0	1.3	2.5	10.0	10.0	35.0
Non-Salary Internal Expenses (program development costs, printing, etc.)	—	.2	1.0	.5	.5	1.1	1.4	3.0	14.0	40.0
Other Staff Sales Training	—	.4	.3	.6	1.0	2.0	2.1	12.0	21.0	65.0
SUB-TOTAL for Staff Sales Training	**—**	**.3**	**.8**	**.9**	**1.0**	**2.0**	**2.6**	**11.8**	**28.2**	**140.0**
MARKETING RESEARCH										
External Expenses (supplier fees, etc.)	—	2.2	1.0	1.5	2.1	1.9	5.6	15.6	46.3	183.0
Non-Salary Internal Expenses	—	—	.2	.3	.4	1.5	1.4	4.7	10.5	176.5
Other Marketing Research	—	—	.9	.5	.7	1.6	3.6	2.0	7.7	—
SUB-TOTAL for Marketing Research	**—**	**2.2**	**1.1**	**.8**	**1.6**	**1.9**	**5.8**	**15.7**	**50.0**	**240.5**
MARKETING/PRODUCT PLANNING/DEVELOPMENT										
External Expenses (consultant fees, etc.)	—	—	.5	.6	.8	2.0	1.0	16.3	22.5	—
Non-Salary Internal Expenses	—	—	1.5	.4	.5	.9	2.0	6.0	13.2	—
Other Marketing/Product Planning/Development	—	—	.1	.7	1.5	3.3	19.5	3 2	22.9	—
SUB-TOTAL for Marketing/Product Planning/Development	**—**	**—**	**1.1**	**.5**	**.8**	**1.9**	**1.8**	**13.8**	**22.5**	**—**
OTHER MARKETING EXPENDITURES	—	1.0	.9	3.3	5.0	3.6	8.3	28.0	18.0	353.7
TOTAL MARKETING EXPENDITURES	**2.9**	**18.5**	**19.6**	**37.6**	**72.2**	**139.1**	**337.9**	**651.9**	**1471.2**	**3322.4**

TABLE 7
PERCENTAGE OF REPORTING BANK MARKETING BUDGETS SPENT ON EACH EXPENDITURE TYPE IN 1979 BY DEPOSIT SIZE

Expenditure Type	Deposits in $ Millions									
	Under $5	$5-$10	$10-$25	$25-$50	$50-$100	$100-$250	$250-$500	$500-$1 Billion	$1 Billion-$5 Billion	$5 Billion or More
ADVERTISING										
Magazines (consumer, trade, etc.)	2%	1%	1%	1%	1%	1%	1%	2%	4%	21%
Directories (telephone, bank, city, etc.)	13	1	2	2	2	2	2	2	1	1
Newspapers	18	25	19	18	17	16	19	17	13	12
Special Publications (school, church, etc.)	4	5	4	2	2	2	1	1	—	—
Television	—	—	—	3	5	10	14	12	22	12
Radio	2	10	20	14	14	13	11	10	7	4
Direct Mail (literature, lists, postage, statement stuffers, etc.)	2	5	3	4	3	3	4	6	4	6
Outdoor and Transit (billboards, taxi/bus/train cards, etc.)	—	5	5	5	6	5	4	5	3	—
Production Expenses (artwork, talent, etc.)	—	4	2	4	6	9	10	9	10	13
Fees & Commissions (agency, consultants, etc.)	1	1	4	5	5	5	5	4	4	5
Other Advertising	1	1	3	4	3	2	2	4	2	6
SUB-TOTAL for Advertising	**43**	**57**	**64**	**61**	**64**	**69**	**73**	**72**	**70**	**79**
PUBLIC RELATIONS										
Stockholder/Investment Community PR (annual report, meetings, etc.)	11	4	2	3	3	3	3	4	3	1
Media Relations (press releases, conferences, etc.)	—	—	—	—	—	—	—	—	—	—
Publications (customer, economic, community, etc.)	2	—	1	1	1	1	1	2	1	2
Special Events (anniversaries, open house, etc.)	2	9	4	3	3	3	2	2	1	—
Special Group Seminars (seniors, etc.)	—	3	—	1	1	1	1	—	—	—
Public Relations Consultant's Fees	—	—	1	—	—	—	—	1	—	—
Donations	7	5	8	9	7	6	4	3	2	—
Other Public Relations	1	2	2	4	3	2	1	2	1	—
SUB-TOTAL for Public Relations	**23**	**22**	**18**	**20**	**18**	**16**	**12**	**13**	**11**	**4**
SALES PROMOTION										
Net Premium Expense (cost less revenues)	—	13	3	3	5	4	4	3	2	4
Newcomer Services	6	—	1	1	1	1	—	—	1	—
Specialties/Giveaways (pens, calendars, etc.)	27	5	10	8	6	4	3	2	2	1
Point-of-Sale Materials (displays, brochures, etc.)	—	1	—	1	2	2	2	2	3	6
Employee Incentives	—	1	1	1	1	1	1	3	2	—
Other Sales Promotion	1	—	—	1	1	—	1	—	3	—
SUB-TOTAL for Sales Promotion	**34**	**19**	**16**	**13**	**14**	**12**	**11**	**10**	**12**	**11**
STAFF SALES TRAINING										
External Expenses (consultant fees, materials, etc.)	—	—	—	1	1	—	—	1	—	—
Non-Salary Internal Expenses (program development costs, printing, etc.)	—	—	—	—	—	1	—	—	—	—
Other Staff Sales Training	—	—	—	—	—	—	—	—	—	—
SUB-TOTAL for Staff Sales Training	**—**	**—**	**—**	**2**	**1**	**1**	**—**	**1**	**1**	**—**
MARKETING RESEARCH										
External Expenses (supplier fees, etc.)	—	1	—	1	1	1	1	2	3	2
Non-Salary Internal Expenses	—	—	—	—	—	—	—	—	1	1
Other Marketing Research	—	—	—	—	—	—	—	—	—	—
SUB-TOTAL for Marketing Research	**—**	**1**	**—**	**1**	**1**	**1**	**1**	**3**	**3**	**4**
MARKETING/PRODUCT PLANNING/DEVELOPMENT										
External Expenses (consultant fees, etc.)	—	—	—	—	—	—	—	—	—	—
Non-Salary Internal Expenses	—	—	—	—	—	—	—	—	—	—
Other Marketing/Product Planning/Development	—	—	—	—	—	—	—	—	1	—
SUB-TOTAL for Marketing/Product Planning/Development	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**1**	**1**	**—**
OTHER MARKETING EXPENDITURES	—	—	—	3	1	1	2	1	1	2
TOTAL MARKETING EXPENDITURES	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

TABLE 8
PERCENTAGE OF BANKS REPORTING MARKETING EXPENDITURES OF EACH TYPE IN 1979 BY DEPOSIT SIZE

Expenditure Type	Deposits in $ Millions									
	Under $5	$5-$10	$10-$25	$25-$50	$50-$100	$100-$250	$250-$500	$500-$1 Billion	$1 Billion-$5 Billion	$5 Billion or More
ADVERTISING										
Magazines (consumer, trade, etc.)	60%	38%	35%	39%	48%	58%	68%	84%	92%	100%
Directories (telephone, bank, city, etc.)	100	85	70	83	83	88	91	94	79	80
Newspapers	100	92	95	98	96	100	100	100	95	100
Special Publications (school, church, etc.)	60	85	86	75	78	74	62	66	67	20
Television	—	15	8	23	34	55	70	69	87	100
Radio	40	62	89	87	90	95	96	97	87	100
Direct Mail (literature, lists, postage, statement stuffers, etc.)	20	54	51	72	78	79	89	97	90	100
Outdoor and Transit (billboards, taxi/bus/train cards, etc.)	—	62	54	59	73	80	81	81	85	60
Production Expenses (artwork, talent, etc.)	—	38	35	53	73	90	96	91	90	100
Fees & Commissions (agency, consultants, etc.)	20	23	35	43	58	77	79	72	67	40
Other Advertising	20	38	27	35	38	45	42	38	51	80
SUB-TOTAL for Advertising	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**97**	**100**
PUBLIC RELATIONS										
Stockholder/Investment Community PR (annual report, meetings, etc.)	40	54	49	49	68	77	79	78	79	60
Media Relations (press releases, conferences, etc.)	—	—	11	8	16	28	26	47	64	60
Publications (customer, economic, community, etc.)	40	15	32	42	47	50	58	53	64	40
Special Events (anniversaries, open house, etc.)	20	46	46	58	58	66	66	84	67	20
Special Group Seminars (seniors, etc.)	—	15	11	24	21	33	40	31	38	60
Public Relations Consultant's Fees	—	—	5	4	4	8	9	22	33	40
Donations	80	77	86	84	79	75	66	50	41	—
Other Public Relations	20	46	32	36	39	44	34	50	59	—
SUB-TOTAL for Public Relations	**80**	**100**	**97**	**95**	**99**	**98**	**98**	**94**	**92**	**80**
SALES PROMOTION										
Net Premium Expense (cost less revenues)	—	23	24	39	48	46	51	56	46	60
Newcomer Services	20	15	27	32	47	43	49	47	41	20
Specialties/Giveaways (pens, calendars, etc.)	80	77	73	81	88	87	92	94	77	80
Point-of-Sale Materials (displays, brochures, etc.)	—	15	19	36	58	66	79	75	72	80
Employee Incentives	—	23	22	25	30	37	30	47	46	60
Other Sales Promotion	20	—	5	16	15	16	17	16	56	—
SUB-TOTAL for Sales Promotion	**80**	**77**	**81**	**89**	**95**	**95**	**98**	**100**	**92**	**100**
STAFF SALES TRAINING										
External Expenses (consultant fees, materials, etc.)	—	8	—	15	22	20	15	25	28	20
Non-Salary Internal Expenses (program development costs, printing, etc.)	—	23	8	22	29	36	36	31	28	20
Other Staff Sales Training	—	15	3	15	13	13	9	9	18	20
SUB-TOTAL for Staff Sales Training	**—**	**38**	**11**	**38**	**48**	**47**	**49**	**38**	**44**	**20**
MARKETING RESEARCH										
External Expenses (supplier fees, etc.)	—	15	3	11	21	38	53	81	85	80
Non-Salary Internal Expenses	—	—	3	4	11	23	19	38	41	40
Other Marketing Research	—	—	3	4	8	6	11	22	8	—
SUB-TOTAL for Marketing Research	**—**	**15**	**5**	**18**	**31**	**52**	**58**	**84**	**85**	**80**
MARKETING/PRODUCT PLANNING/DEVELOPMENT										
External Expenses (consultant fees, etc.)	—	15	3	7	12	8	13	19	21	—
Non-Salary Internal Expenses	—	—	3	3	6	10	8	13	21	—
Other Marketing/Product Planning/Development	—	—	3	2	3	5	4	6	15	—
SUB-TOTAL for Marketing/Product Planning/Development	**—**	**—**	**5**	**11**	**19**	**20**	**19**	**31**	**41**	**—**
OTHER MARKETING EXPENDITURES	—	8	5	11	10	19	25	16	23	40
TOTAL MARKETING EXPENDITURES	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

EXPENDITURES BY MARKET SIZE AND TYPE

Table 9 presents average marketing expenditures by service type and population size. When used in conjunction with Table 1 that presents the same information by deposit size rather than population, the reader can determine which table is a better guide for his or her own circumstances, i.e., which is more important—deposit size or population size?

Table 10 presents average market expenditures by expenditure type and population size. As above, it can be used in conjunction with Table 5 to decide which is more important—deposit size or population size?

Table 11 presents the average and median total non-salary marketing expenditures for the cross-tabulation of deposit size and population size.

Including the number of reporting banks aids in the interpretation of Tables 1, 5, 9 and 10 by showing the relationship between deposit size and population size. The reader should be especially careful when using results from a cell based on less than 30 banks. Again, the median is a better estimate than the average.

Table 12 reports the average and median total non-salary marketing expenditures for the cross-tabulation of market type and population size. Again, including the number of reporting banks aids in the interpretations of other tables by showing the relationship between market type and population size. The same caution noted above for cells with less than 30 banks holds here also.

TABLE 9
AVERAGE MARKETING EXPENDITURES BY SERVICE TYPE AND POPULATION SIZE
(All Reporting Banks—1979, $000)

	Population of Market Served					
Service Type	Under 50,000	50,000-100,000	100,000-500,000	500,000-1 Million	1 Million-2 Million	2 Million or More
RETAIL SERVICES						
All Savings (Sub-Total)	$14.4	$25.1	$ 46.2	$139.6	$228.6	$ 381.0
Savings except CD's & Retirement Accounts	7.9	15.1	30.6	90.2	114.6	204.8
CD's	6.8	11.5	19.3	61.6	173.5	193.7
Retirement Accounts	1.9	2.9	4.7	15.1	16.1	55.6
Checking (not tied to other accounts/services)	4.2	7.6	11.6	37.5	41.9	124.8
Automatic Transfer Service	1.6	5.0	8.8	18.8	29.3	70.4
Combination Accounts (checking-savings)	2.9	6.3	11.3	11.1	51.6	147.8
Service Packages (with checking)	3.5	6.9	11.8	21.7	37.5	117.3
Personal Loans (exclude mortgages)	3.8	5.6	10.7	65.1	36.0	94.7
Mortgage Loans	2.3	2.7	2.8	20.3	11.7	27.9
Credit Cards	1.7	4.3	10.7	31.1	49.1	52.2
Consumer EFT Services (ATM's, POS, etc.)	4.7	9.5	24.4	60.9	48.9	166.6
Other Retail Services	4.8	7.4	17.1	16.5	49.2	59.6
SUB-TOTAL for Retail Services	**26.0**	**48.3**	**91.9**	**270.7**	**396.2**	**830.4**
COMMERCIAL SERVICES						
Credit Services	3.0	4.9	11.3	52.4	27.3	297.9
Non-Credit Services (Sub-Total)	3.3	5.2	7.7	21.4	18.6	53.1
Automated Services (payrolls, reconciliation, etc.)	1.8	2.7	2.8	20.9	6.3	28.7
Cash Management Services	1.6	2.7	2.8	6.1	13.9	19.8
Deposit Services (checking, savings)	2.7	3.6	7.0	19.8	9.3	9.6
Other Non-Credit Services	0.9	0.5	2.8	14.1	13.9	46.2
Other Commercial Services	2.0	9.4	4.9	28.2	31.7	50.0
SUB-TOTAL for Commercial Services	**4.6**	**8.2**	**13.0**	**58.4**	**45.8**	**297.3**
TRUST SERVICES						
Personal Trust Services	2.8	3.6	5.6	16.0	28.8	33.4
Commercial Trust Services	2.1	2.2	3.4	6.4	14.9	72.9
Other Trust Services	1.0	2.5	9.5	6.1	14.7	7.1
SUB-TOTAL for Trust Services	**3.3**	**4.7**	**7.8**	**16.9**	**35.7**	**78.2**
INSTITUTIONAL MARKETING						
Corporate Advertising (image, positioning, etc.)	8.6	16.5	27.5	101.2	102.5	508.7
Corporate Public Relations	6.9	12.2	14.7	74.2	54.0	141.0
Other Institutional Marketing	6.4	10.0	18.9	35.5	79.0	262.1
SUB-TOTAL for Institutional Marketing	**13.8**	**26.5**	**42.5**	**157.7**	**132.8**	**649.6**
OTHER MARKETING EXPENDITURES	13.2	20.6	27.9	78.6	284.8	447.9
TOTAL MARKETING EXPENDITURES	**42.0**	**84.2**	**143.9**	**483.4**	**682.8**	**1766.2**

TABLE 10
AVERAGE MARKETING EXPENDITURES BY EXPENDITURE TYPE AND POPULATION SIZE
(All Reporting Banks—1979, $000)

Expenditure Type	Population of Market Served					
	Under 50,000	50,000-100,000	100,000-500,000	500,000-1 Million	1 Million-2 Million	2 Million or More
ADVERTISING						
Magazines (consumer, trade, etc.)	$ .9	$ 1.6	$ 3.1	$ 31.4	$ 31.4	$ 225.7
Directories (telephone, bank, city, etc.)	1.3	1.9	3.5	8.9	11.3	20.8
Newspapers	8.5	15.4	25.9	84.8	97.7	267.8
Special Publications (school, church, etc.)	1.5	2.1	3.4	5.8	7.3	10.0
Television	4.9	11.8	34.1	132.7	204.5	486.5
Radio	7.4	12.7	21.5	44.5	79.8	142.1
Direct Mail (literature, lists, postage, statement stuffers, etc.)	1.7	3.3	6.1	23.4	32.6	115.7
Outdoor and Transit (billboards, taxi/bus/train cards, etc.)	3.6	5.7	11.4	26.8	52.8	42.6
Production Expenses (artwork, talent, etc.)	3.4	7.6	17.0	51.3	67.8	240.5
Fees & Commissions (agency, consultants, etc.)	5.2	8.2	11.5	22.6	37.1	134.1
Other Advertising	5.1	5.5	9.1	37.4	47.5	151.3
SUB-TOTAL for Advertising	**27.7**	**56.0**	**110.1**	**355.2**	**503.7**	**1423.3**
PUBLIC RELATIONS						
Stockholder/Investment Community PR (annual report, meetings, etc.)	1.8	3.7	6.5	27.3	27.3	60.6
Media Relations (press releases, conferences, etc.)	.5	.6	1.2	3.0	7.8	11.6
Publications (customer, economic, community, etc.)	1.3	2.1	3.4	9.1	10.0	60.5
Special Events (anniversaries, open house, etc.)	3.0	3.8	5.9	14.5	17.8	33.7
Special Group Seminars (seniors, etc.)	1.2	2.2	3.7	3.1	2.4	12.2
Public Relations Consultant's Fees	1.5	2.3	8.5	21.9	13.4	18.5
Donations	5.2	7.3	9.2	34.8	22.1	78.0
Other Public Relations	5.5	5.9	5.8	16.4	31.9	28.3
SUB-TOTAL for Public Relations	**10.2**	**15.3**	**21.9**	**69.5**	**73.2**	**185.6**
SALES PROMOTION						
Net Premium Expense (cost less revenues)	4.8	7.0	12.6	35.6	56.9	64.2
Newcomer Services	.8	1.3	2.1	6.1	11.9	29.1
Specialties/Giveaways (pens, calendars, etc.)	5.0	6.1	7.4	11.6	8.2	41.8
Point-of-Sale Materials (displays, brochures, etc.)	1.2	2.6	4.1	15.6	19.8	115.4
Employee Incentives	1.4	2.4	4.3	22.1	32.6	67.7
Other Sales Promotion	2.2	2.6	3.4	21.7	11.1	100.7
SUB-TOTAL for Sales Promotion	**8.4**	**12.6**	**18.6**	**48.5**	**69.4**	**251.4**
STAFF SALES TRAINING						
External Expenses (consultant fees, materials, etc.)	2.1	1.9	2.3	5.6	7.2	32.8
Non-Salary Internal Expenses (program development costs, printing, etc.)	.7	1.3	1.6	3.7	4.9	13.8
Other Staff Sales Training	1.2	2.9	2.6	5.4	11.2	23.2
SUB-TOTAL FOR Staff Sales Training	**1.7**	**2.4**	**2.8**	**7.2**	**9.0**	**36.7**
MARKETING RESEARCH						
External Expenses (supplier fees, etc.)	2.1	3.5	5.5	20.9	31.0	60.8
Non-Salary Internal Expenses	.4	1.4	1.6	3.3	5.1	52.2
Other Marketing Research	1.0	1.3	2.8	.6	4.3	5.6
SUB-TOTAL for Marketing Research	**1.8**	**2.9**	**5.3**	**20.5**	**28.1**	**85.1**
MARKETING/PRODUCT PLANNING/DEVELOPMENT						
External Expenses (consultant fees, etc.)	1.9	2.7	1.8	8.4	12.3	25.5
Non-Salary Internal Expenses	.5	1.7	1.0	6.6	12.0	12.0
Other Marketing/Product Planning/Development	3.8	1.8	2.5	24.9	17.1	90.0
SUB-TOTAL for Marketing/Product Planning/Development	**2.0**	**2.6**	**1.9**	**11.1**	**18.4**	**52.3**
OTHER MARKETING EXPENDITURES	10.5	16.6	11.6	89.3	32.7	94.4
TOTAL MARKETING EXPENDITURES	**47.5**	**85.8**	**155.0**	**498.3**	**670.2**	**1919.2**

TABLE 11
AVERAGE AND MEDIAN MARKETING EXPENDITURES BY POPULATION SIZE AND DEPOSIT SIZE
(All Reporting Banks—1979, $000)

Population of Market Served	Deposits in $ Millions									
	Under $5	$5-$10	$10-$25	$25-$50	$50-$100	$100-$250	$250-$500	$500-$1 Billion	$1 Billion-$5 Billion	$5 Billion or More
Under 50,000										
Average Expenditures	$3.5	$11.5	$18.6	$37.8	$63.5	$138.6	$ —	$ —	$ —	$ —
Median Expenditures	2.8	6.8	19.4	36.1	59.5	106.0	—	—	—	—
Number of Reporting Banks	3	8	33	149	91	15	—	—	—	—
50,000 - 99,999										
Average Expenditures	—	31.1	23.2	40.5	79.5	131.3	198.3	—	—	—
Median Expenditures	—	31.1	23.2	40.0	79.8	120.6	222.8	—	—	—
Number of Reporting Banks	—	1	1	46	68	50	3	—	—	—
100,000 - 499,999										
Average Expenditures	2.9	134.9	37.5	46.5	89.3	164.3	325.1	590.2	d	—
Median Expenditures	2.9	43.4	37.5	44.6	90.0	148.1	286.8	620.2	d	—
Number of Reporting Banks	1	3	2	33	64	90	25	7	d	—
500,000 - 999,999										
Average Expenditures	7.9	25.0	—	358.2	84.1	192.9	411.9	662.0	1176.6	d
Median Expenditures	7.9	25.0	—	358.2	75.9	169.5	414.8	681.2	1150.0	d
Number of Reporting Banks	1	1	—	2	5	9	15	9	5	d
1,000,000 - 1,999,999										
Average Expenditures	—	—	27.6	78.9	112.5	156.0	411.8	612.9	1627.0	—
Median Expenditures	—	—	27.6	73.9	107.3	173.4	424.0	514.8	1629.3	—
Number of Reporting Banks	—	—	1	3	3	9	5	9	11	—
2,000,000 or More										
Average Expenditures	—	—	—	53.0	50.7	83.4	384.0	749.9	2196.7	3276.7
Median Expenditures	—	—	—	53.1	54.1	83.4	395.6	673.9	1966.7	4733.7
Number of Reporting Banks	—	—	—	2	3	2	4	7	20	4

d - Disclosure: Reporting this data could make it possible to identify an individual responding bank.

TABLE 12
AVERAGE AND MEDIAN MARKETING EXPENDITURES BY POPULATION AND MARKET TYPE
(All Reporting Banks—1979, $000)

Population of Market Served	Deposits in $ Millions					
	Statewide	Urban SMSA*	Suburban SMSA*	Urban not SMSA*	Suburban Not SMSA*	Rural
Under 50,000						
Average Expenditures	$ —	$ 60.3	$ 62.0	$ 74.7	$ 57.0	$ 39.6
Median Expenditures	—	37.7	60.2	51.0	53.7	33.9
Number of Reporting Banks	—	9	26	29	25	202
50,000 - 99,999						
Average Expenditures	—	88.5	89.4	94.0	88.4	69.1
Median Expenditures	—	70.6	72.0	86.5	105.5	65.9
Number of Reporting Banks	—	26	32	42	17	38
100,000 - 499,999						
Average Expenditures	74.2	164.8	148.3	170.6	116.8	140.7
Median Expenditures	40.6	133.4	99.4	138.0	92.4	74.3
Number of Reporting Banks	5	82	73	23	17	13
500,000 - 999,999						
Average Expenditures	662.9	359.6	300.6	2231.6	—	95.6
Median Expenditures	552.9	190.8	217.4	2231.6	—	95.7
Number of Reporting Banks	11	22	8	2	—	2
1,000,000 - 1,999,999						
Average Expenditures	501.6	758.7	419.1	458.0	281.6	—
Median Expenditures	715.0	458.3	158.3	458.0	173.4	—
Number of Reporting Banks	3	21	10	1	3	—
2,000,000 or More						
Average Expenditures	2780.7	1288.9	53.0	1669.4	—	—
Median Expenditures	1792.0	1045.0	53.1	1669.4	—	—
Number of Reporting Banks	19	16	2	2	—	—

*SMSA means Standard Metropolitan Statistical Area

MARKETING TRENDS

Table 13 continues to track the marketing trends for services of interest to the industry.

During 1979, 23% of reporting banks opened branches and 39% reported plans to open branches in 1980. As with previous years' studies, projections for branch openings tend to be higher than actual figures reported in subsequent years.

The incidence of new ATM installations continues to be more prevalent among larger banks. Plans for installations in 1980 are significantly higher than in 1979 for banks of all sizes. Installations of cash dispenser and point-of-sale machines did not increase from 1978 to 1979.

The offering of automatic pay deposit has increased while automatic bill-paying and telephone bill paying has remained at 1978 levels.

The offering of debit cards continues to grow with 30% of all banks reporting the availability of such a card for their customers compared to 26% in 1978. Credit card offering increased to 83% from 77% in 1978, with 65% offering more than one credit card.

Of the banks responding to the survey, 55% plan to offer NOW accounts in 1980.

STAFFING TRENDS

For the first time within this study, the extent of present staffing in marketing functions and plans for future staffing were investigated.

As would be expected, marketing staffing varies greatly by size of bank. While 90% or more of institutions with over $250 million in deposits have at least one full-time Director of Marketing, that percentage decreases significantly among smaller institutions. Table 14 delineates marketing functions, and current and future staff commitments by deposit size.

TABLE 13
MARKETING TRENDS

Did your bank:	Deposits in $ Millions										
	Under $5	$5-$10	$10-$25	$25-$50	$50-$100	$100-$250	$250-$500	$500-$1 Billion	$1 Billion-$5 Billion	$5 Billion or More	All Banks
Open any branches?											
in 1979	0%	5%	10%	13%	21%	26%	43%	65%	58%	71%	23%
plan to begin or continue in 1980	0	15	15	27	39	47	69	68	71	71	39
Install any automated teller machines?											
in 1979	0	0	2	10	18	25	27	57	60	43	19
plan to begin or continue in 1980	17	5	21	30	50	59	67	90	88	86	47
Install any cash dispensing machines?											
in 1979	0	0	0	3	4	3	4	3	7	0	3
plan to begin or continue in 1980	8	0	5	12	14	12	19	17	10	17	12
Install any point-of-sale terminals?											
in 1979	0	0	0	2	4	1	5	7	10	29	3
plan to begin or continue in 1980	8	0	4	3	7	4	12	10	7	29	5
Offer an absolutely free checking account?											
in 1979	36	67	28	31	36	30	25	29	40	29	33
plan to begin or continue in 1980	42	47	32	29	29	27	26	28	28	14	29
Offer automatic pay deposit?											
in 1979	36	72	58	60	73	83	88	90	93	71	72
plan to begin or continue in 1980	42	63	60	62	77	86	93	90	93	86	74
Offer automatic bill paying?											
in 1979	0	18	22	14	21	25	18	40	39	29	21
plan to begin or continue in 1980	8	21	23	19	26	28	28	41	39	43	25
Offer telephone bill paying?											
in 1979	18	28	17	18	17	10	13	19	17	0	16
plan to begin or continue in 1980	25	30	19	22	23	17	24	27	29	50	22
Offer packaged customer services?											
in 1979	10	28	17	30	42	38	41	50	56	71	37
plan to begin or continue in 1980	9	30	23	38	51	49	53	48	55	71	45
Offer debit card?											
in 1979	18	11	12	21	30	38	42	50	56	43	30
plan to begin or continue in 1980	17	15	12	31	43	57	67	68	76	86	44
Offer a NOW account?											
in 1979	9	0	3	7	8	12	21	13	10	57	9
plan to begin or continue in 1980	17	21	24	42	55	65	85	83	87	100	55
Offer automatic transfer service?											
in 1979	18	44	46	56	69	81	82	84	86	86	67
plan to begin or continue in 1980	25	44	49	62	69	82	80	74	81	71	69
Major credit card?											
more than 1	23	41	52	65	73	71	43	69	60	71	65
only 1	31	5	19	11	15	21	35	19	33	29	18
none	46	54	29	24	12	8	22	12	7	0	17

TABLE 14
STAFFING TRENDS

Deposits in $ Millions

	Under $5	$5-$10	$10-$25	$25-$50	$50-$100	$100-$250	$250-$500	$500-$1 Billion	$1 Billion-$5 Billion	$5 Billion or More	All Banks
Director of Marketing											
Had at least one person full-time	10%	0%	9%	21%	52%	75%	90%	94%	95%	100%	49%
Had at least one person part-time	50	57	47	61	40	20	7	6	0	0	38
No one responsible	40	43	44	18	8	5	3	0	5	0	13
Will add at least one person full-time	0	0	2	5	9	12	16	4	3	0	8
Will add at least one person part-time	10	23	10	15	10	3	2	0	0	0	9
No change in 1980	90	77	88	80	81	84	82	96	97	100	83
Research											
Had more than one person full-time	0	7	0	1	1	3	6	10	48	71	4
Had at least one person full-time	0	0	2	5	14	16	29	60	33	29	14
Had at least one person part-time	20	20	26	30	36	35	27	13	7	0	30
No one responsible	80	73	72	64	49	46	38	17	12	0	52
Will add more than one person full-time	0	0	0	0	0	1	0	0	8	14	1
Will add at least one person full-time	0	0	0	2	3	5	13	4	12	43	4
Will add at least one person part-time	0	14	6	10	9	6	0	4	5	0	8
No change in 1980	100	86	94	88	88	88	77	92	75	43	87
Planning											
Had more than one person full-time	0	0	2	2	2	5	2	4	42	83	5
Had at least one person full-time	0	0	6	9	20	21	28	44	24	17	16
Had at least one person part-time	30	57	40	59	50	43	33	32	21	0	48
No one responsible	70	43	52	30	28	31	37	20	13	0	31
Will add more than one person full-time	0	0	2	0	0	1	0	0	0	20	1
Will add at least one person full-time	0	0	2	4	2	5	7	4	7	20	4
Will add at least one person part-time	0	23	11	14	12	5	14	8	6	0	11
No change in 1980	100	77	85	82	86	89	79	88	77	60	84
Public Relations											
Had more than one person full-time	0	6	0	2	5	6	13	11	54	83	7
Had at least one person full-time	0	0	5	15	29	33	42	59	34	17	25
Had at least one person part-time	50	63	56	63	54	44	35	22	2	0	50
No one responsible	50	31	39	20	12	17	10	8	10	0	18
Will add more than one person full-time	0	0	0	1	1	2	2	0	5	20	1
Will add at least one person full-time	0	0	2	5	3	5	4	0	6	40	4
Will add at least one person part-time	0	14	16	15	12	4	11	4	0	0	11
No change in 1980	100	86	82	79	84	89	83	96	89	40	84
Product Development/Management											
Had more than one person full-time	0	0	2	0	2	4	0	8	32	57	4
Had at least one person full-time	0	0	2	6	17	15	21	32	25	15	13
Had at least one person part-time	30	29	32	44	35	43	42	32	20	14	38
No one responsible	70	71	64	50	46	38	37	28	23	14	45
Will add more than one person full-time	0	0	0	0	0	1	0	0	9	20	1
Will add at least one person full-time	0	0	2	3	2	5	5	9	13	20	4
Will add at least one person part-time	0	15	4	9	10	5	9	0	0	0	7
No change in 1980	100	85	94	88	88	89	86	91	78	60	88
Advertising											
Had more than one person full-time	0	6	0	1	4	6	10	21	54	71	7
Had at least one person full-time	0	0	4	13	31	35	51	52	37	29	25
Had at least one person part-time	60	76	73	77	56	47	31	17	2	0	57
No one responsible	40	18	23	9	9	12	8	10	7	0	11
Will add more than one person full-time	0	0	0	0	0	1	0	0	0	17	0
Will add at least one person full-time	0	0	2	5	5	6	4	0	8	17	5
Will add at least one person part-time	0	20	15	16	11	6	8	11	0	0	11
No change in 1980	100	80	83	79	84	87	88	89	92	66	84

TOTAL EXPENDITURES

Table 15 presents the actual 1978 and 1979 average bank marketing expenditures in each of nine deposit categories. In addition, median values for 1978 and 1979 are presented.

In previous years, the report has presented calculations of projected industry expenditures. As with last year, the 1979 report does not contain those calculations. The most important reason is that averages are sensitive to extreme values, and any deviation in the computed average from the true average is magnified in the process of multiplying to obtain industry totals. The median has been presented in this table because it is not sensitive to extreme values and provides a better estimate of an individual bank's expenditures.

Two other factors bias the results of an industry projection when the projection of one year is compared to the projection of another year. One is the changes made from year to year in the categories. The other is the changing number of U.S. commercial banks from year to year.

Readers who are interested in calculating industry projections, despite these reasons for not presenting calculations, will find the necessary data in Table 15. To do this, multiply the average for each category by the number of U.S. commercial banks in that category and then add the ten category totals.

TABLE 15
NON-SALARY MARKETING EXPENDITURES

Deposits in Millions	U.S. Commercial Banks (year end 1979)[1]	All Reporting Banks	Average Non-Salary Marketing Expenditures		Median Non-Salary Marketing Expenditures	
			1978	1979	1978	1979
Under $5	1,051	5	$ 8,500	$ 4,200	$ 3,600	$ 2,900
$5—$10*	2,369	13	5,700	42,500	4,600	18,500
$10—$25	4,778	37	16,800	20,000	12,900	19,600
$25—$50	3,162	237	34,800	42,900	32,500	37,600
$50—$100	1,565	240	64,300	76,300	61,200	72,200
$100—$250	816	177	142,700	153,200	126,700	139,100
$250—$500	228	53	319,700	354,700	308,300	337,900
$500—$1 Billion	128	32	580,500	651,700	525,000	651,900
$1 Billion—$5 Billion	117	39	1,765,100**	1,797,100	1,448,500**	1,471,200
$5 Billion or More	24	5	—	3,276,700	—	3,322,400
All Banks	14,238					

*Reads as follows: "5 million but less than $10 million"
**Recorded as "Over $1 Billion" in 1978

[1]Source: R. L. Polk & Company, Publishers, Nashville, Tennessee 37202

1979 BANK MARKETING EXPENDITURE STUDY

I. 1979 NON-SALARY Bank Marketing Expenditures

A. ADVERTISING

1. Magazines (consumer, trade, professional, etc.) ..... $ _____
2. Directories (telephone, bank, city, annual, etc.) ..... _____
3. Newspapers (daily, weekly, etc.) ..... _____
4. Special publications (school, church, civic, club, etc.) ..... _____
5. Television ..... _____
6. Radio ..... _____
7. Direct Mail (literature, lists, postage, statement stuffers, etc.) ..... _____
8. Outdoor and transit (billboards, taxi/bus/train cards, etc.) ..... _____
9. Production expenses (artwork, talent, printing/filming, etc.) ..... _____
10. Fees and commissions (advertising agency, media representative, advertising/marketing consultants, etc.) ..... _____

11. All other advertising expenses (please describe) _____ _____

SUB-TOTAL FOR ADVERTISING ..... $ _____

B. PUBLIC RELATIONS

1. Stockholder/investment community public relations (annual report, meetings, etc.) ..... $ _____
2. Media relations (press releases, press conferences, etc.) ..... _____
3. Publications (community service publications, economic publications, customer magazines/newsletters, etc.) ..... _____
4. Special events (anniversaries, open house, etc.) ..... _____
5. Special group seminars (financial seminars for customers, businesses, seniors, etc.) ..... _____
6. Public relations consultant's fees ..... _____
7. Donations ..... _____
8. All other public relations expenses (please describe) _____ _____

SUB-TOTAL FOR PUBLIC RELATIONS ..... $ _____

C. SALES PROMOTION

1. Net premium expense (cost of premiums less revenues from premium sales) ..... $ _____
2. Newcomer services (non-salary expenses only) ..... _____
3. Specialties (giveaways, such as calendars, pens, etc.) ..... _____
4. Point-of-sale materials (P-O-P displays, banners, racks, brochures, etc.) ..... _____
5. Employee incentives (non-salary expenses directly related to stimulating employee sales/customer relations efforts) ..... _____
6. All other sales promotion expenses (please describe) _____ _____

SUB-TOTAL FOR SALES PROMOTION ..... $ _____

D. STAFF SALES/CUSTOMER RELATIONS TRAINING

1. External expenses (consultant fees, materials, off-premise facilities, etc.) ..... $ _____
2. Non-salary internal expenses (material/program development costs, printing, classroom expenses, etc.) ..... _____
3. All other staff sales/customer relations training expenses (please describe) _____ _____

SUB-TOTAL FOR STAFF SALES/CUSTOMER RELATIONS TRAINING ..... $ _____

E. MARKETING RESEARCH

1. External expenses (supplier expenses, such as consultants, field firms, data processing firms, etc.) ..... $ _____
2. Non-salary internal expenses ..... _____
3. All other marketing research expenses (please describe) _____ _____

SUB-TOTAL FOR MARKETING RESEARCH ..... $ _____

F. MARKETING/PRODUCT PLANNING/DEVELOPMENT

1. External expenses (consultant fees, purchase of package/model, etc.) ..... $ _____
2. Non-salary internal expenses ..... _____
3. All other marketing/product planning/development expenses (please describe) _____ _____

SUB-TOTAL FOR MARKETING/PRODUCT PLANNING DEVELOPMENT ..... $ _____

G. ALL OTHER NON-SALARY MARKETING EXPENSES NOT ACCOUNTED FOR IN A-F ABOVE ..... $ _____

TOTAL 1979 NON-SALARY MARKETING EXPENDITURES (Sum of A-G above) ..... $ _____

II. SERVICE ALLOCATION OF 1979 NON-SALARY MARKETING EXPENDITURES

A. RETAIL SERVICES

1. Savings (please allocate among:)
   a. All savings instruments other than Certificates of Deposit and retirement accounts (e.g., regular savings, time deposits, Christmas Clubs, etc.) ..... $ _____
   b. Certificates of Deposit ..... _____
   c. Retirement accounts (IRAs/Keoghs) ..... _____
2. Checking (not tied to other accounts/services) ..... _____
3. Automatic Transfer Service ..... _____
4. Combination accounts (checking directly tied to savings) ..... _____
5. Service packages (checking part of a multiple package of services) ..... _____
6. Personal loans (excluding morgages) ..... _____
7. Mortgage loans ..... _____
8. Credit cards ..... _____
9. Consumer EFT services (ATMs, POS, telephone banking, etc.) ..... _____
10. All other retail services (please describe) _____ _____

SUB-TOTAL FOR RETAIL SERVICES ..... $ _____

B. COMMERCIAL SERVICES

1. Credit services ..... $ _____
2. Non-credit services (please allocate among:)
   a. Automated services (e.g., payrolls, account reconciliation, etc.) ..... _____
   b. Cash management services ..... _____
   c. Deposit services (checking, savings, etc.) ..... _____
   d. All other non-credit services (please describe) _____ _____
3. All other commercial services (please describe) _____ _____

SUB-TOTAL FOR COMMERCIAL SERVICES ..... $ _____

C. TRUST SERVICES

1. Personal trust services ..... $ _____
2. Commercial trust services ..... _____
3. All other trust services (please describe) _____ _____

SUB-TOTAL FOR TRUST ..... $ _____

D. INSTITUTIONAL MARKETING

1. Corporate advertising (e.g., image advertising, positioning advertising, etc.) ..... $ _____
2. Corporate public relations ..... _____
3. All other institutional marketing expenditures (please describe) _____ _____

SUB-TOTAL FOR INSTITUTIONAL MARKETING ..... $ _____

E. ALL OTHER NON-SALARY EXPENDITURES NOT ALLOCATED AMONG A-D ABOVE ..... $ _____

TOTAL ALLOCATION OF 1979 NON-MARKETING EXPENDITURES ..... $ _____

III. GENERAL INFORMATION

A. What were your bank's total deposits as of December 31, 1979 (check appropriate category)?

- ☐ Under $5 million
- ☐ $5 million but less than $10 million
- ☐ $10 million but less than $25 million
- ☐ $25 million but less than $50 million
- ☐ $50 million but less than $100 million
- ☐ $100 million but less than $250 million
- ☐ $250 million but less than $500 million
- ☐ $500 million but less than $1 billion
- ☐ $1 billion but less than $5 billion
- ☐ $5 billion or more

B. Was your bank part of a holding company in 1979 (check appropriate category)?

- ☐ No (skip to D)
- ☐ Yes – one bank (skip to D)
- ☐ Yes – multi-bank (answer C)

C. **(To be answered by multi-bank holding company banks only)** What were the total deposits for all banks in the holding company as of December 31, 1979 (check appropriate category)?

- ☐ Under $5 million
- ☐ $5 million but less than $10 million
- ☐ $10 million but less than $25 million
- ☐ $25 million but less than $50 million
- ☐ $50 million but less than $100 million
- ☐ $100 million but less than $250 million
- ☐ $250 million but less than $500 million
- ☐ $500 million but less than $1 billion
- ☐ $1 billion but less than $5 billion
- ☐ $5 billion or more

D. For each of the categories below, check the response which reflects the situation (as of December 31, 1979) in your state:

Branching	Holding Company
☐ Branching not permitted	☐ Holding company not permitted
☐ Limited branching permitted	☐ One bank holding company permitted
☐ Statewide branching permitted	☐ Multi bank holding company permitted

E. For retail business, what best describes the king of market in which your bank competes (check appropriate response; note: SMSA is Standard Metropolitan Statistical Area)?

- ☐ Statewide
- ☐ SMSA – Urban
- ☐ SMSA – Suburban
- ☐ Urban but not SMSA
- ☐ Suburban but not SMSA
- ☐ Rural

F. What is the approximate population of the retail trade area checked in E above (check appropriate category)?

- ☐ Under 50,000
- ☐ 50,000 but less than 100,000
- ☐ 100,000 but less than 500,000
- ☐ 500,000 but less than 1,000,000
- ☐ 1,000,000 but less than 2,000,000
- ☐ 2,000,000 or more

G. What is your non-salary marketing budget for 1980 (please round to the nearest $100)?

$_____ 1980 non-salary marketing budget

H. How does the figure in G above compare to the same figure in 1979? Compared to the total 1979 non-salary marketing expense, the budgeted 1980 figure is . . . . (estimate the approximate percentage of change – plus or minus – and record in the appropriate category below).

_____ % higher than 1979
_____ % lower than 1979
☐ Same as 1979 (no change)

I. Did/does your bank (please answer each):

	Before 1979		In 1979		Plan to Begin or Continue in 1980	
	Yes	No	Yes	No	Yes	No
Open any branches?	☐	☐	☐	☐	☐	☐
Install any automated teller machines?	☐	☐	☐	☐	☐	☐
Install any cash dispensing machines?	☐	☐	☐	☐	☐	☐
Install any point of sale terminals?	☐	☐	☐	☐	☐	☐
Offer an absolutely free checking account (with no service charges)?	☐	☐	☐	☐	☐	☐
Offer automatic pay deposit?	☐	☐	☐	☐	☐	☐
Offer automatic bill paying?	☐	☐	☐	☐	☐	☐
Offer telephone bill paying?	☐	☐	☐	☐	☐	☐
Offer packaged consumer services?	☐	☐	☐	☐	☐	☐
Offer debit card (which accesses a deposit account)?	☐	☐	☐	☐	☐	☐
Offer a NOW account?	☐	☐	☐	☐	☐	☐
Offer an ATS (Automatic Transfer Service)?	☐	☐	☐	☐	☐	☐

J. Does your bank offer a major bank credit card (check appropriate response)?

- ☐ Yes – offer more than one major bank credit card
- ☐ Yes – offer only one major bank credit card
- ☐ No – do not offer major bank credit card

K. Thinking about your bank's 1979 staff and its 1980 staffing plans, please check the appropriate response for each of the categories below: (please exclude secretarial/clerical persons)

Position	1979 Actual				1980 Plans			
Director of Marketing	☐	☐	☐	☐	☐	☐	☐	☐
Research	☐	☐	☐	☐	☐	☐	☐	☐
Planning	☐	☐	☐	☐	☐	☐	☐	☐
Public Relations	☐	☐	☐	☐	☐	☐	☐	☐
Product Development/Management	☐	☐	☐	☐	☐	☐	☐	☐
Retail/Corporate/Trust/etc. Management	☐	☐	☐	☐	☐	☐	☐	☐
Advertising	☐	☐	☐	☐	☐	☐	☐	☐
Sales	☐	☐	☐	☐	☐	☐	☐	☐
Other	☐	☐	☐	☐	☐	☐	☐	☐

1980
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